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MEMO

To : Clerk to Panel on Environmental Affairs
Clerk to Panel on Transport

From : Clerk to Subcommittee

Our Ref : CB1/SS/10/13

Date : 17 March 2014

Subcommittee on Proposed Resolution under Section 5(4) of the Motor Vehicles (First Registration Tax) Ordinance

The Subcommittee on Proposed Resolution under Section 5(4) of the Motor Vehicles (First Registration Tax) Ordinance has completed the scrutiny of the Proposed Resolution and reported its deliberation to the House Committee on 14 March 2014.

2. The Proposed Resolution, to be moved by the Secretary for the Environment at the Council meeting of 26 March 2014, seeks to extend the expiry date for exemption for purchasers of electric vehicles ("EVs") from paying first registration tax ("FRT") to 31 March 2017. It is considered that the wider use of EVs can help improve roadside air quality and combat climate change.

3. In the course of deliberation on the Proposed Resolution, concerns were raised, among others, on two issues --

- (a) whether FRT exemption should be granted to purchasers of luxury sports EVs, the prices of which are usually over \$500,000 (excluding FRT); and
- (b) why electric bicycles are not allowed for use on the roads; whether such prohibition is in conflict with the policy to promote the use of EVs.

4. The Subcommittee agreed that --
- (a) on issue (a) above, the Administration should report regularly to the Panel on Environmental Affairs the types and number of EVs registered so that Panel members will be able to monitor whether the FRT exemption arrangement achieves its objective and is not abused on the purchase of luxury cars; and
 - (b) issue (b) be referred to the Panel on Environmental Affairs and the Panel on Transport for joint discussions.
5. The Subcommittee's requests are referred to you for your follow-up as appropriate please.



(Sharon CHUNG)
Clerk to Subcommittee

cc Dr Hon Fernando CHEUNG Chiu-hung (Chairman)